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POLICY ISSUES ARISING IN THE CONTEXT OF SELECTED ITEMS OF THE PROVISIONAL AGENDA FOR THE FIRST PART OF THE THIRTY-NINTH SESSION OF THE BOARD:

(b) SUSTAINABLE DEVELOPMENT INCLUDING UNCTAD'S CONTRIBUTION TO THE IMPLEMENTATION OF UNCED'S CONCLUSIONS AND RECOMMENDATIONS (ITEM 5 OF THE ABOVE-MENTIONED PROVISIONAL AGENDA; SEE ALSO FOOTNOTE TO PARAGRAPH 63 (5) OF THE CARTAGENA COMMITMENT)

UNCTAD's follow-up to the outcome of the United Nations Conference on Environment and Development

Discussion note by the UNCTAD Secretariat

1. The purpose of the present note is to assist Governments in the consideration of item 2 (b) of the agenda of the first (pre-sessional) executive session of the Board dealing with sustainable development including UNCTAD's contribution to the implementation of UNCED's conclusions and recommendations. In line with footnote 1 to paragraph 63 (5) 1/ of the Cartagena Commitment, the Board would:

(i) take full measure of the tasks - additional to those already set by the Board - devolving upon UNCTAD's intergovernmental machinery in consequence of the decisions taken at UNCTAD VIII and at UNCED, concerning sustainable development;

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(ii) establish priorities among these tasks, taking into account available resources;

(iii) determine, to the extent possible at the present time, the institutional arrangements required to address priority tasks.

The background: UNCTAD VIII and UNCED

2. The United Nations Conference on Environment and Development (UNCED), which took place in Rio de Janeiro from 3 to 14 June 1992, was the culmination of a long process of reflexion and dialogue on sustainable development issues between governments, United Nations institutions and other international organizations, academic circles, NGOs and the business community. UNCTAD was actively involved in this process.

3. UNCTAD VIII, which took place prior to the Rio Conference, offered the international community an opportunity to develop an integrated approach to the issues of environment and sustainable development. The Cartagena Commitment was the first internationally agreed text which affirmed the principle that all countries have a common but differentiated responsibility for the main environmental problems. It further affirmed that international cooperation is essential not only for the adoption of a concerted global strategy on the environment, but also to assist developing countries in implementing plans aimed at achieving sustainable development.

4. On this basis, the Cartagena Commitment reaffirmed that the UNCTAD intergovernmental machinery and the secretariat should continue to integrate the concept of sustainable development and its environmental dimension into their respective work programmes. It defined a set of orientations for the organization, the aim of which is to contribute to consensus-building on national and international policies which would make economic growth and environmental protection mutually supportive. In particular, the Conference highlighted the important role UNCTAD should play in promoting positive linkages between sustainable development, the protection of the environment and the promotion of international trade, including the generation, adoption and dissemination of environmentally sound technologies.

5. The approaches agreed at UNCTAD VIII were reflected in the principles and basic orientations contained in the decisions taken at the Rio Conference. As an illustration, the theme of the Cartagena Commitment - "a new partnership for development" - is echoed in the preamble of the Rio Declaration which calls for "a new and equitable partnership". Moreover, the Rio Declaration contains a number of principles which have important implications for UNCTAD's work. These are: Principle 4 on environmental protection and the development process; Principle 5 on the eradication of poverty; Principle 6 on the particular problems of the least developed countries and those environmentally vulnerable; Principle 9 on the technological dimension; Principle 11 on environmental standards and policies and the development process; Principle 12 on trade, the environment and sustainable development; and Principle 16 on the internalization of environmental costs.

6. In addition, the symbiotic relationships which were built up between the UNCED process and the work of UNCTAD are reflected in various parts of Agenda 21. In particular, Section I, Chapter 2, draws extensively from the Cartagena Commitment on development, trade, market access and commodity issues in general and the linkages between sustainable development and trade and between sustainable development and commodities in particular; Section I, Chapter 3, of Agenda 21 (combating poverty) develops an approach similar to the approach adopted in the Cartagena Commitment in this respect, as well as in the terms of reference of the Standing Committee on Poverty Alleviation; this cross-fertilization is also apparent in the area of environmentally sound technologies (Section IV, Chapter 34 of Agenda 21 and Part IV, C, of the Cartagena Commitment) and in the field of financial resources and mechanisms for environmental protection (Section IV, Chapter 33 of Agenda 21 and Part IV A of the Cartagena Commitment).

7. Finally, Agenda 21, Section IV, Chapter 38, on the international institutional arrangements, which singles out UNCTAD, together with UNEP and UNDP, as having an important role to play in the follow-up to the Rio Conference, states that:

> "38.26 The United Nations Conference on Trade and Development should play an important role in the implementation of Agenda 21 as extended at the eighth session of the Conference, taking into account the importance of the interrelationships between development, international trade and the environment and in accordance with its mandate in the area of sustainable development."

Orientations for UNCTAD's future work

8. Based on relevant Trade and Development Board resolutions and decisions, the Cartagena Commitment and Agenda 21, the main orientations of UNCTAD's work in this field could be summarized as follows: 2/

(a) to integrate the environmental dimension into the interrelated areas of trade, commodities, technology and finance, with a view to: (i) making international trade and environment policies mutually supportive in favour of sustainable development; (ii) fostering the sound management of natural resources, in particular through appropriate national and international commodity policies; (iii) promoting policies aimed at generating, adapting and disseminating environmentally-sound technologies; (iv) exploring ways to increase external resources for sustainable development and the environment, in particular through innovative financing mechanisms;

(b) to contribute to the elaboration of national policy frameworks or plans for sustainable development, based on a cross-sectoral approach, with a view to ensuring positive linkages between technological, sectoral and macroeconomic policies;

(c) to promote an integrated approach to poverty prevention, alleviation and reduction in the context of meeting environmental concerns and achieving sustainable development;

(d) to examine the most appropriate economic and regulatory tools and instruments required for promoting ecologically sound development without hampering the growth process at the national level, and trade expansion and competitiveness at the international level;

(e) to examine ways and means of integrating the development concerns of developing countries both in the formulation and in the implementation of internationally agreed objectives in the field of environment.

Possible institutional arrangements

9. The Cartagena Commitment, in footnote 1/ to paragraph 63 (5), provided that "in its first meeting after the United Nations Conference on Environment and Development, the Trade and Development Board will discuss the impact of its results on UNCTAD's work, and will take the necessary action to ensure the discussion and adoption of the required measures within UNCTAD's intergovernmental machinery". It remains for the executive session of the Board to provide the necessary guidelines for these institutional arrangements.

10. The discussion of this specific issue may be initiated by considering: (a) the overall shape, dimensions and components of the various tasks assigned to UNCTAD and how they should be carried out; and (b) the extent to which the terms of reference of the intergovernmental machinery of UNCTAD cover the main work areas. On the first question, the annex to the present note, to which reference has already been made, provides a compilation of the necessary elements. On the second question, it may be noted that two Standing Committees (the Standing Committee on Commodities and the Standing Committee on Poverty Alleviation) and the Ad Hoc Working Group on the Interrelationship between Investment and Transfer of Technology include the dimension of sustainable development and the environment in their respective terms of reference. 3/ It would appear for instance that certain other issues related to trade and the environment, financing, and the use of economic and regulatory tools for promoting ecologically sound development are not explicitly covered by the existing subsidiary machinery. In addition, more specific arrangements may be required for the exploration of the national dimension of sustainable development.

11. In line with the above, the following options for the consideration of sustainable development within UNCTAD could be considered:

(a) The Trade and Development Board, in addition to its broad policy function with regard to sustainable development, could deal with those issues not specifically covered by its subsidiary bodies. The work of the Board could be carried out through a sessional committee of its regular sessions.

(b) In addition, the Board might consider, as may be necessary, in accordance with paragraph 77 of the Cartagena Commitment, the establishment of an ad hoc working group to deal with those issues that are sufficiently complex to require in-depth exploration.

(c) As an alternative to the arrangements outlined in (a) and (b) above, a standing committee on sustainable development could be established to assist the Board in the effective discharge of its functions.

12. The above options assume that the Board would make periodic reports to the high-level Commission on Sustainable Development which is to be established by the General Assembly as a follow-up to the Rio Conference and which is to review the progress in the implementation of Agenda 21.

Notes

1/ See para. 9 below.

2/ The annex to the present note lists the areas and issues related to UNCTAD's work in the field of sustainable development arising from relevant Board decisions and resolutions, the Cartagena Commitment and Agenda 21.

3/ The relevant references for the terms of reference are as follows: for the Standing Committee on Commodities, para. 3 (g); for the Standing Committee on Poverty Alleviation, para. 2 (f); and for the Ad Hoc Working Group on the Interrelationship between Investment and Technology Transfer, para. 5. (See TD/B(XXXVIII)/Misc. 5).

Annex

AREAS OF WORK AND ISSUES IN THE FIELD
OF SUSTAINABLE DEVELOPMENT

General mandate:

(a) Broad orientations spelled out in paragraph 63 (5) of the Cartagena Commitment: "Work in areas requiring international cooperation to ensure that growth and development, poverty alleviation, rural development and protection of the environment are mutually-reinforcing, such as: interaction between trade issues and environmental policies; measures to promote ecologically sound development; generation and dissemination of environmentally sound technologies; impact of patterns of production and consumption on sustainable development, and follow-up, as appropriate, of UNCED's conclusions and recommendations."

(b) Paragraph 38.26 of Agenda 21: "The United Nations Conference on Trade and Development should play an important role in the implementation of Agenda 21 as extended at the eighth session of the Conference, taking into account the importance of the interrelationships between development, international trade and the environment and in accordance with its mandate in the area of sustainable development."

Areas of work and specific issues:

A. Environment and Trade (Cartagena Commitment, particularly paragraphs 42, 63 (5), 126 (d) and 151-155); Agenda 21 Chapter 2, and Rio Declaration, Principles 11 and 12):

(i) to contribute, within UNCTAD's mandate, to innovative thinking on the establishment for a framework for coexistence between environmental measures and international trade rules, and thus aiming at preventing environmental measures for protectionist purposes (Cartagena Commitment, paragraph 42) and to contribute to consensus building with regard to principles and rules (Cartagena Commitment, paragraph 154; and Agenda 21, paragraphs 2.21 and 2.22);

(ii) to collect, analyse and disseminate information on environmental regulations and measures which may have an impact on trade (Cartagena Commitment, paragraph 155; Agenda 21, paragraph 2.22 (c));

(iii) to clarify the interlinkages between trade and environment for the promotion of sustainable development (Cartagena Commitment, paragraph 154, and Agenda 21, paragraph 2.22 (b));

(iv) to analyse the impact of ongoing and future environmental deliberations, including issues having implications for international competition and trade, on the growth and development prospects of developing countries (Cartagena Commitment, paragraph 43);

(v) to ensure that the special conditions and development needs of developing countries are taken into account (Cartagena Commitment, paragraphs 152 and 153, and Agenda 21, paragraph 2.22 (g) and 39.3);

(vi) to promote a dialogue between trade, development and environmental communities (Agenda 21, paragraph 2.22 (b)).

B. Environment and Commodities (Cartagena Part IV. E; Terms of reference of Committee on Commodities; Agenda 21 ch. 2, 4, 8; Rio Declaration, Principle 16):

(i) better management of natural resources at the international level, in particular through the inclusion of environmental considerations in commodity agreements and arrangements (TDB decision 384 (XXXVII) para. 2; Cartagena 42 (iii), 190, 192; Agenda 21 2.11, 2.16);

(ii) reflection of environmental and resource costs in commodity prices and its implications for developing countries (Cartagena 208 (a); Agenda 21 2.14, 4.24, 8.31, 8.37);

(iii) increasing the competitiveness of natural products with environmental advantages (Cartagena 208 (b); Agenda 21 4.19 (c));

(iv) need to provide additional international financial and technological support to developing countries for promoting ecologically sound processes of commodity production and processing (Cartagena 208 (d));

(v) promotion of sound management of natural resources in the commodities sector combined with appropriate policies of diversification with a view to achieving compatibility of production and export needs with the sustainability of the natural resource base (Cartagena, para. 208 (c); Agenda 21 2.11, 2.14);

(vi) Exploring links between commodity policies, use and management of natural resources and sustainable development (Cartagena, para. 214).

C. Environment and financial mechanisms (Cartagena Part II.B, Part IV.A; Agenda 21 Ch. 33):

(i) ways to increase external resources for the environment through existing channels, both private (investment flows) and public (bilateral and multilateral financing institutions) (TDB decision 384 (XXXVII) para. 2; Cartagena 42 (i), 118; Agenda 21 33.16, 33.17);

(ii) ways of generating additional and innovative financing for environmental protection and development, in particular (Cartagena 42 (i), 119, 120; Agenda 21 33.18);

- various forms of debt relief, including debt conversion schemes;

- feasibility of tradable permits.

(iii) assessment of the need to alleviate external financial constraints in order to promote sustained growth and sustainable development (Cartagena 120; Agenda 21 2.24).

D. Environment and technology (Cartagena Part IV.C; Terms of reference Ad Hoc Working Group on Interrelationship between Investment and Technology Transfer; Agenda 21 Ch. 34; Rio Declaration, Principle 9):

(i) promote, facilitate and finance, as appropriate, the access to and the transfer of environmentally-sound technologies on favourable terms, including on concessional and preferential terms (TDB decision 393 (XXXVIII) para. 7; Cartagena 174; Agenda 21 34.14 (b));

(ii) formulate policies and programmes for the effective transfer of environmentally-sound technologies that are publicly owned or in the public domain and tap the pool of knowledge coming from proprietary technology available through commercial and investment channels (TDB decision 393 (XXXVIII) para. 7; Cartagena 42 (iii), 176 (c); Agenda 21 34.18 (a) and (e));

(iii) promotion of a national framework for a dynamic generation and development of environmentally-sound technologies, integrating endogeneous and external knowledge and innovation, as a basic condition for evolving towards sustainable patterns of production and consumption (Board decision 393 (XXXVIII) para. 7; Cartagena 176; Agenda 21 4.17, 4.18);

(iv) promote long-term technological partnership between holders of environmentally-sound technologies and potential users (firms or countries) (Cartagena 176 (c); Agenda 21 34.14 (e)).

E. Prevention, alleviation and reduction of poverty

Set of policies required for preventing, alleviating and reducing poverty in the context of addressing environmental concerns and achieving sustainable development (Resolution 384 (XXXVII), para. 5; Cartagena, para. 63 (5); Terms of reference of Standing Committee on Poverty Alleviation; Agenda 21 3.1, 3.5);

F. Economic and regulatory tools (Cartagena Part IV.A; Agenda 21, Ch. 8, 39; Rio Declaration, Principle 11):

(i) examine the terms and conditions on which developing countries and countries with economies in transition can resort to economic and regulatary tools for environmental protection without hampering their economic growth (Cartagena 121; Agenda 21 8.5 (f), 8.16);

(ii) harmonize these economic and regulatory tools at the international level, taking into account the specific situation and needs of developing countries (Cartagena 41; Agenda 21 39.3 (d)).

G. International environmental negotiations (Cartagena Part II.B; Agenda 21, ch. 39):

(i) assist developing countries in their preparations for on-going or future international environmental deliberations, including those concerning finance and technology, national resource management related to exports, etc. (TDB 393 (XXXVIII), para. 8; Cartagena para. 43);

(ii) identify difficulties preventing some States, in particular developing countries, from participating or duly implementing international agreements or instruments (Agenda 21 39.3 (a));

(iii) examine the ways to take into account varying circumstances through differential obligations or gradual applications (Agenda 21 39.5);

(iv) contribute to the design of specific provisions for developing countries - in particular in terms of financial and technical assistance - in order to allow them to implement international agreements or instruments (Cartagena 41, 43; Agenda 21 39.3 (c)).